

## IN THE SPECIFICATION

Please replace the paragraph at page 48, lines 19-24, with the following rewritten paragraph:

The digital image data Vdg1 output from this A/D converter 1134 is supplied to the encoding section 1135. This encoding section 1135 encodes the image data Vdg1, to obtain encoded image data Vcd. In this case, as described above, since the image data Vdg1 is shifted in phase, encoding performed by this encoding section ~~1134~~ 1135 gives rise to significant deterioration.

Please replace the paragraph at page 51, lines 8-16, with the following rewritten paragraph:

In the decoding section 1137 shown in FIG. 10, the encoded image data Vcd received at the receiving terminal 1145 is supplied to the interpolation circuit ~~1137~~ 1146. This interpolation circuit ~~1137~~ 1146 interpolates pixel data that has dropped due to sub-sampling, by using surrounding pixel data. For example, as described above, if line offset sub-sampling is performed, pixel data that has dropped out by this sub-sampling is interpolated by using four items of pixel data located upward, downward, rightward, and leftward. The decoded image data Vdg2 output from the interpolation circuit 1146 is provided to the output terminal 1147.

Please replace the paragraph at page 52, lines 17-21, with the following rewritten paragraph:

The image data Vdg1 shown in FIG. 11D is encoded by use of sub-sampling by the encoding section 1135, to obtain image data Vcd. FIG. ~~11D~~ 11E shows the image data Vcd,

in which “△” indicates sub-sampled pixel data and “X” indicates a position of pixel data that has been dropped out through sub-sampling.

Please replace the paragraph at page 53, lines 6-19, with the following rewritten paragraph:

FIG. 6-12 shows another configuration example of the encoding section 1135. In this case, the encoding section 1135 performs conversion encoding. Conversion encoding refers to encoding for converting image data into a spatial frequency domain by using orthogonal transformation such as discrete cosine transform (DCT). In this case, data is compressed by slanting a conversion coefficient into a low-frequency domain by utilizing its correlation with an adjacent pixel. The encoding section 1135 shown in this FIG. 12 uses DCT as orthogonal transformation.

Please replace the paragraph at page 75, lines 3-9, with the following rewritten paragraph:

This encoding apparatus ~~430~~2130 has an A/D converter 2134 for converting an analog image signal Van1 output from the reproducer 2110 into a digital signal and an encoding section 2135 for encoding a digital signal Vdg1 output from this A/D converter 2134. This encoding section 2135 performs almost the same encoding as that for an encoded digital image signal obtained by being reproduced in the above-described reproducer 2110 from the recording medium such as an optical disc.

Please replace the paragraph at page 89, lines 13-16, with the following rewritten paragraph:

This image display system ~~3100~~3000 further has an encoding apparatus 3130 for performing encoding processing again by utilizing the analog image data Van1 to encode the image data and recording this encoded image data on the recording medium such as an optical disc.

Please replace the paragraph at page 103, lines 19-26, with the following rewritten paragraph:

Although in the above fourth embodiment, the encoding section 3135 in the encoding apparatus 3130 has generated, for each block, block data using, as an added signal, the dynamic range DR and the minimum value MIN as well as an in-block code signal DT, it is of course possible to use, as the added signal, a minimum value NIN and a maximum value MAX ~~additional~~ or a dynamic range DR and a maximum value MAX. In short, it is necessary only to obtain information of the dynamic range DR and the minimum value MIN in decoding.

Please replace the paragraph at page 104, lines 5-7, with the following rewritten paragraph:

The following will describe a fifth embodiment of the present invention. FIG. ~~4~~50 shows a configuration of an image display system 4000 according to the embodiment.

Please replace the paragraph at page 111, line 27 to page 112, line 5, with the following rewritten paragraph:

This high-range coefficient interpolation ~~circuit~~section 4153 does not perform the high-range coefficient interpolation processing on blocks other than a predetermined block, that is, such a block (high-range coefficient-removed block) that high-range frequency domain coefficient data is removed of the quantized coefficient data DT2 of each block from the decoding circuit 4152, to output it as it is as the output coefficient data DT1'. Further, the coefficient data DT2 of this block is supplied to the memory 4153b so that it may serve as coefficient data for interpolation processing.

Please replace the paragraph at page 112, lines 6-15, with the following rewritten paragraph:

On a high-range coefficient-removed block of the quantized coefficient data DT2 of each block from the decoding circuit 4152, on the other hand, this high-range coefficient interpolation ~~circuit~~section 4153 performs the high-range coefficient interpolation processing, to obtain output coefficient data DT1'. In this case, the high-range coefficient interpolation circuit 4153a interpolates the coefficient data in a high-range frequency domain indicated by the range information AIF added to the coefficient data DT2 of this block by using coefficient data (which is stored in the memory 4153b) of a high-range frequency domain of one or a plurality of blocks that is located in the vicinity of this block and is other than the high-range coefficient-removed block.

Please replace the paragraph at page 114, lines 7-11, with the following rewritten paragraph:

However, in the second or later encoding and decoding, owing to fluctuations in sampling phase that occur in analog data-to-digital data conversion by the A/D converter ~~434~~ 4134, a block position (see a broken-line position in FIG. 52) is shifted from that (see a solid-line position in FIG. 52) in the first encoding and decoding.

Please replace the paragraph at page 117, lines 7-12, with the following rewritten paragraph:

Although, in the above fifth embodiment, a block whose coefficient data of a high-range frequency domain is to be removed has been fixed, this block may be varied. In this case, for example, a plurality of kinds of block selection patterns may be prepared in the ROM ~~4145c~~ (see FIG. 53) built in the control section ~~4145b~~ in the high-range coefficient removal section ~~4135-4145~~ so that any one of them can be selected.